


Milliman
Consultants and Actuaries

111 SW Fifth Avenue, Suite 3700
 Portland, OR 97204-3690
 Tel +1 503 227.0634
 Fax +1 503 227.7956
www.milliman.com

November 29, 2006

Public Employees' Retirement Board
 State of Montana

Dear Members of the Board:

Actuarial valuations are normally performed every two years, as of June 30 of each even-numbered year. The previous regular valuations were performed as of June 30, 2004. At the Board's request, we completed special interim actuarial valuations as of June 30, 2005. We have now completed the actuarial valuations as of June 30, 2006 for the following retirement systems:

- Public Employees' Retirement System – Defined Benefit Retirement Plan
- Municipal Police Officers' Retirement System
- Game Wardens' and Peace Officers' Retirement System
- Sheriffs' Retirement System
- Judges' Retirement System
- Highway Patrol Officers' Retirement System
- Firefighters' Unified Retirement System
- Volunteer Firefighters' Compensation Act

The member, employer, and state contributions are set forth in statute. Our findings indicate the projected income stream from the expected contributions will be sufficient to pay the Normal Costs and amortize the Unfunded Actuarial Liability as a level percentage of future payroll, for the following systems. The amortization periods are shown below.

- | | |
|------------------------------------------------|------------|
| - Municipal Police Officers' Retirement System | 21.4 years |
| - Highway Patrol Officers' Retirement System | 18.0 years |
| - Firefighters' Unified Retirement System | 15.5 years |

Based on the assumed level of future revenue, the Unfunded Actuarial Liability for the Volunteer Firefighters' Compensation Act is expected to be amortized over less than 20 years. The Judges' Retirement System had an Actuarial Surplus as of June 30, 2006.

Our findings indicate the projected income stream from the expected contributions will not be sufficient to pay the Normal Costs and amortize the Unfunded Actuarial Liability for the following systems. The additional contributions necessary as of June 30, 2006 to amortize the Unfunded Actuarial Liabilities over 30 years are shown below.

- | | |
|-------------------------------------------------------|------------------|
| - Public Employees' Retirement System - DBRP | 1.01% of payroll |
| - Game Wardens' and Peace Officers' Retirement System | 0.04% of payroll |
| - Sheriffs' Retirement System | 1.84% of payroll |

The general decline in the funded status for each system over the last several years is primarily due to the fact that recent investment returns have been less than the long-term actuarial assumption of 8% per year.



In preparing the 2006 valuations, we relied upon the financial and membership data furnished by the Public Employees' Retirement Administration. Although we did not audit this data, we compared the data for this and the prior valuation and tested for reasonableness. Based on these tests, we believe the data to be sufficiently accurate for the purposes of our calculations. It should be noted that if any data or other information is inaccurate or incomplete, our calculations might need to be revised.

Information presented in this Actuarial Section as of June 30, 2006, including the following supporting tables, is based on information found in our actuarial valuation reports:

- Summary of Actuarial Assumptions and Methods
- Schedule of Active Member Composition
- Solvency Test
- Summary of Actuarial (Gain) or Loss by Source
- Summary of Defined Benefit Plan Provisions

In addition, data for the fiscal year ending June 30, 2006, contained in the Schedule of Funding Progress in the Financial Section, are based on information in our valuation reports.

The Retirement Board has sole authority to determine the actuarial assumptions and methods used for the actuarial valuations. The Board adopted all of the actuarial methods and assumptions used in the 2006 valuations.

The findings have been determined according to actuarial assumptions and methods that were chosen on the basis of recent experience of the systems and of current expectations concerning future economic conditions. In our opinion, the assumptions used in the actuarial valuations are appropriate for purposes of the valuations, are internally consistent, and reflect reasonable expectations. The assumptions represent our best estimate of future conditions affecting the systems. Nevertheless, the emerging costs will vary from those presented in the reports to the extent that actual experience differs from that projected by the assumptions.

I certify that the information included in this report is complete and accurate to the best of my knowledge and belief. The actuarial valuations were prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable Standards of Practice adopted by the Actuarial Standards Board of the American Academy of Actuaries. In addition, the assumptions and methods used meet the parameters set for disclosures by Statement No. 25 of the Governmental Accounting Standards Board.

Milliman has been engaged by the Retirement Board as an independent actuary. The undersigned is a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, an Enrolled Actuary, and experienced in performing valuations for large public employee retirement systems.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mark O. Johnson', with a stylized flourish at the end.

Mark O. Johnson, F.S.A., M.A.A.A., E.A.
Consulting Actuary

Public Employees' Retirement Board

A Component Unit of the State of Montana

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

BACKGROUND

An actuarial valuation of the plans was completed for fiscal year 2006 by the actuary, Milliman. The most recent actuarial experience study was completed for fiscal year 2004 by the actuary, Milliman. This experience study investigates the actual experience of each plan administered by the PERB. The actuarial methods and assumptions are described in this section. The methods and assumptions chosen by the PERB, were based on the actuary's recommendation. The actuarial assumptions were adopted by the PERB on September 23, 2004. The recommendations were formed on the basis of recent experience of the plans and on current expectations as to future economic conditions. Economic assumptions are based on inflation and include general wage increases, investment return and interest on member accounts. Demographic assumptions include general salary increases (including promotions and longevity), retirement, disability, mortality for the specific groups (active members, retired members, disabled members and beneficiaries), other terminations and probability of retaining membership.

The assumptions are intended to estimate the future experience of the plans and the members of the plans in areas which affect the projected benefit flow and anticipated investment earnings. Any variations in future experience from that expected from these assumptions will result in corresponding changes in the estimated cost of the plans' benefits.

RECORDS AND DATA

The data used in the valuation consists of financial information and records of age, service and income of contributing members, former contributing members and their survivors. All data supplied to the actuary by the MPERA was accepted for valuation purposes without audit.

ACTUARIAL COST METHOD

A fundamental principle in financing the liabilities of a retirement program is that the cost of benefits should be related to when they are earned, rather than when they are paid. There are a number of methods in use for making the determination.

The funding method used in the valuations is the Entry Age Cost Method. Under this method, the actuarial present value of projected benefits for each individual member included in the valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age. The portion of this actuarial present value allocated to a valuation year is called the Normal Cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future Normal Cost is called the Actuarial Liability.

The excess of the Actuarial Liability over the Actuarial Value of Assets is called the Unfunded Actuarial Liability. If the Actuarial Value of Assets exceeds the Actuarial Liability, the difference is called the Actuarial Surplus.

ACTUARIAL SECTION

ASSET VALUATION METHOD

Asset values were supplied by the PERB and were accepted without audit by the actuary. The Actuarial Value of Assets is the market value, adjusted by a four-year recognition of gains and losses.

INVESTMENT RETURN

The future investment earnings of the assets of the plans are assumed to accrue at a net annual rate of 8%, net of all administrative and investment-related expenses.

INTEREST ON MEMBER CONTRIBUTIONS

With the exception of VFCA, interest on member contributions at the time of the valuation was assumed to accrue at a net annual rate of 5%.

FUTURE SALARIES

Estimates of future salaries are based on two types of assumptions. Rates of increase in the general wage level of the membership are directly related to inflation, while individual salary changes due to promotion and longevity, referred to as the merit scale, occur even in the absence of inflation. The assumed increase in future salaries due to general wage growth is 4.25% per year for all plans. The merit scale is based on years of service and is in addition to the wage growth. The merit scale is calculated independently for each plan based on the factors applicable to the plan. VFCA is excluded from this calculation because members are unpaid volunteers.

MORTALITY

The probabilities of mortality for Healthy Retirees, Beneficiaries and Non-Retired

Members are based on 1994 Uninsured Pensioner Tables for males and females and adjusted for each plan as stated in the following table:

| Healthy Retirees, Beneficiaries and Non-Retired Members | | |
|------------------------------------------------------------|--------------|----------------|
| | <u>Males</u> | <u>Females</u> |
| PERS | -1 | -1 |
| JRS | -1 | -1 |
| HPORS | -1 | 0 |
| SRS | -1 | 0 |
| GWPORS | -1 | 0 |
| MPORS | -1 | 0 |
| FURS | -1 | 0 |
| VFCA | -1 | -1 |

The probabilities of mortality for Disabled Retirees are based on the 1994 Uninsured Pensioner Tables for males and females for each plan except PERS, JRS, and VFCA, which are based on the IRS Revenue Ruling of 96-7 Males/Females Table and adjusted for each plan as stated below:

| Disabled Retirees | | |
|-------------------|--------------|----------------|
| | <u>Males</u> | <u>Females</u> |
| PERS | -3 | +1 |
| JRS | -3 | +1 |
| HPORS | +3 | +2 |
| SRS | +3 | +2 |
| GWPORS | +3 | +2 |
| MPORS | +3 | +2 |
| FURS | +3 | +2 |
| VFCA | -3 | +1 |

SERVICE RETIREMENT

The assumed rates of service retirement used in the valuations are dependent upon age and years of service and differ between plans. The rates are based on the actual experience of the individual plans as determined in the 2004 experience study. Under all plans, vested, terminated members are assumed to retire when first eligible for an unreduced benefit.

DISABLEMENT

The assumed rates of disablement are dependent upon ages and differ between plans. It is further assumed that 10% of all disabilities are duty-related, that all disabilities are permanent and that no disabled member will recover and return to work.

OTHER TERMINATIONS OF MEMBERSHIP

The assumed rates of termination, other than for retirement, death, or disability, are calculated individually for each plan. The JRS does not assume termination for any other reason than retirement, death or disability.

TERMINATING MEMBERS ELECTING A REFUND

It is assumed that all terminating members that are non-vested will receive an immediate withdrawal of their member contributions with interest. The probability of a terminating member electing a refund of the member ac-

count balance is based on age and different for each plan as described in the actuary valuation. These assumptions do not apply to the JRS or VFCA.

ACTUARIAL AUDIT

An actuarial audit was performed during the 2004 actuarial valuation by Mellon. The audit was performed in conjunction with the valuation by MPERA's actuary, Milliman. The audit was performed to express an opinion regarding the reasonableness and accuracy of the valuation data, actuarial assumptions, actuarial cost methods and valuation results. The scope of the audit included both a technical review of the valuation results and a professional peer review of the actuarial assumptions and methods used by Milliman. Mellon determined from their full scope review that the actuarial valuation of PERS prepared by Milliman fairly represents the actuarial position and funding requirements of the retirement system. Mellon offered suggestions for enhancement but finds Milliman's actuarial results to be reasonable.

ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Active Member Valuation Data

| System | Valuation Date | Number Members | Nbr ERs | Covered Payroll | Average Annual Pay | % Pay Increase |
|-----------|-----------------------------------|----------------|------------|--------------------|--------------------|----------------|
| PERS-DBRP | June 30, 2001 | 29,641 | 510 | \$ 771,477,410 | \$ 26,027 | 5.80% |
| | June 30, 2002 | 29,808 | 515 | 808,747,026 | 27,132 | 4.24% |
| | June 30, 2003 | 28,604 | 521 | 848,894,150 | 29,677 | 9.38% |
| | June 30, 2004 | 28,201 | 526 | 832,847,393 | 29,533 | -0.49% |
| | June 30, 2005 | 28,213 | 530 | 847,430,761 | 30,037 | 1.71% |
| | June 30, 2006 | 27,962 | 524 | 880,707,616 | 31,497 | 4.86% |
| JRS | June 30, 2001 | 48 | 1 | 3,655,682 | 76,160 | 0.57% |
| | June 30, 2002 | 48 | 1 | 3,999,689 | 83,327 | 9.41% |
| | June 30, 2003 | 49 | 1 | 4,077,339 | 83,211 | -0.14% |
| | June 30, 2004 | 50 | 1 | 4,403,432 | 88,069 | 5.84% |
| | June 30, 2005 | 50 | 1 | 4,461,757 | 89,235 | 1.32% |
| | June 30, 2006 | 50 | 1 | 4,761,755 | 95,235 | 6.72% |
| HPORS | June 30, 2001 | 190 | 1 | 7,351,774 | 38,694 | 5.75% |
| | June 30, 2002 | 194 | 1 | 7,536,469 | 38,848 | 0.40% |
| | June 30, 2003 | 201 | 1 | 7,808,953 | 38,851 | 0.01% |
| | June 30, 2004 | 194 | 1 | 7,843,505 | 40,430 | 4.07% |
| | June 30, 2005 | 201 | 1 | 9,103,879 | 45,293 | 12.03% |
| | June 30, 2006 | 197 | 1 | 7,878,304 | 39,991 | -11.71% |
| SRS | June 30, 2001 | 623 | 56 | 22,647,766 | 36,353 | 3.02% |
| | June 30, 2002 | 642 | 56 | 24,521,275 | 38,195 | 5.07% |
| | June 30, 2003 | 661 | 56 | 25,540,317 | 38,639 | 1.16% |
| | June 30, 2004 | 662 | 56 | 27,372,575 | 41,348 | 7.01% |
| | June 30, 2005 | 680 | 56 | 28,423,312 | 41,799 | 1.09% |
| | ¹ June 30, 2006 | 1,006 | 57 | 34,241,922 | 34,038 | -18.57% |

¹ Senate Bill 370 provided membership for county detention officers in the SRS. Existing detention officers may elect to remain in the PERS or elect to become a member of the SRS.

The last actuarial valuation was performed as of June 30, 2006.

ACTUARIAL SECTION

| System | Valuation Date | Number Members | Nbr ERs | Covered Payroll | Average Annual Pay | % Pay Increase |
|---------------|----------------------|----------------|-----------|-------------------|--------------------|----------------|
| GWPORS | June 30, 2001 | 521 | 8 | \$ 14,881,202 | \$ 28,563 | 18.82% |
| | June 30, 2002 | 609 | 8 | 17,150,523 | 28,162 | -1.40% |
| | June 30, 2003 | 664 | 8 | 20,034,988 | 30,173 | 7.14% |
| | June 30, 2004 | 685 | 8 | 21,442,218 | 31,303 | 3.74% |
| | June 30, 2005 | 711 | 8 | 22,496,263 | 31,640 | 1.08% |
| | June 30, 2006 | 793 | 7 | 25,846,410 | 32,593 | 3.01% |
| MPORS | June 30, 2001 | 580 | 21 | 20,898,510 | 36,032 | 1.59% |
| | June 30, 2002 | 585 | 22 | 22,228,818 | 37,998 | 5.46% |
| | June 30, 2003 | 601 | 22 | 23,289,318 | 38,751 | 1.98% |
| | June 30, 2004 | 603 | 22 | 24,531,018 | 40,682 | 4.98% |
| | June 30, 2005 | 605 | 22 | 26,198,414 | 43,303 | 6.44% |
| | June 30, 2006 | 617 | 22 | 27,643,794 | 44,804 | 3.46% |
| FURS | June 30, 2001 | 425 | 14 | 16,722,339 | 39,347 | -0.38% |
| | June 30, 2002 | 437 | 16 | 17,952,794 | 41,082 | 4.41% |
| | June 30, 2003 | 441 | 16 | 18,608,166 | 42,195 | 2.71% |
| | June 30, 2004 | 438 | 15 | 20,031,923 | 45,735 | 8.39% |
| | June 30, 2005 | 444 | 15 | 20,474,175 | 46,113 | 0.83% |
| | June 30, 2006 | 467 | 17 | 22,916,716 | 49,072 | 6.42% |
| VFCA | June 30, 2001 | 2,524 | | | | |
| | June 30, 2002 | 2,609 | | | | |
| | June 30, 2003 | 2,629 | | | | |
| | June 30, 2004 | 2,687 | | | | |
| | June 30, 2005 | 2,754 | | | | |
| | June 30, 2006 | 2,733 | | | | |

Covered payroll is not applicable. Members are unpaid volunteers and do not contribute to the fund.

ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Active Member Composition

as of June 30, 2006

| | PERS-DBRP | JRS | HPORS | SRS | GWPORS | MPORS | FURS | VFCA ¹ |
|--------------------------|-----------|------------|-----------|-----------|-----------|-----------|-----------|-------------------|
| Average Age | 48.0 | 56.0 | 39.7 | 39.7 | 39.9 | 39.1 | 39.7 | |
| Average Service | 9.9 | 10.8 | 9.6 | 6.2 | 5.6 | 10.2 | 11.8 | |
| Average Salary | \$ 31,930 | \$ 94,792 | \$ 39,582 | \$ 39,325 | \$ 33,255 | \$ 44,779 | \$ 48,605 | N/A |
| Under Age 25 | | | | | | | | |
| Number Members | 512 | | 1 | 61 | 50 | 18 | 19 | |
| Average Salary | \$ 22,052 | | \$ 29,024 | \$ 28,208 | \$ 27,280 | \$ 34,136 | \$ 34,430 | N/A |
| Ages 25-29 | | | | | | | | |
| Number Members | 1,358 | | 23 | 110 | 85 | 61 | 51 | |
| Average Salary | \$ 27,177 | | \$ 33,015 | \$ 33,601 | \$ 30,827 | \$ 39,279 | \$ 40,692 | N/A |
| Ages 30-34 | | | | | | | | |
| Number Members | 1,653 | | 29 | 166 | 120 | 102 | 81 | |
| Average Salary | \$ 30,029 | | \$ 35,173 | \$ 38,233 | \$ 31,401 | \$ 39,874 | \$ 43,487 | N/A |
| Ages 35-39 | | | | | | | | |
| Number Members | 2,497 | 1 | 48 | 206 | 150 | 165 | 93 | |
| Average Salary | \$ 31,081 | \$ 93,780 | \$ 39,231 | \$ 38,421 | \$ 33,247 | \$ 43,819 | \$ 46,478 | N/A |
| Ages 40-44 | | | | | | | | |
| Number Members | 3,211 | 1 | 47 | 149 | 130 | 106 | 67 | |
| Average Salary | \$ 31,869 | \$ 100,590 | \$ 41,980 | \$ 40,094 | \$ 33,780 | \$ 45,284 | \$ 51,433 | N/A |
| Ages 45-49 | | | | | | | | |
| Number Members | 4,864 | 9 | 28 | 120 | 105 | 80 | 70 | |
| Average Salary | \$ 32,427 | \$ 94,687 | \$ 42,462 | \$ 43,795 | \$ 36,010 | \$ 49,699 | \$ 52,412 | N/A |
| Ages 50-54 | | | | | | | | |
| Number Members | 5,621 | 6 | 14 | 99 | 79 | 28 | 59 | |
| Average Salary | \$ 33,917 | \$ 93,780 | \$ 44,434 | \$ 45,088 | \$ 37,001 | \$ 48,778 | \$ 56,742 | N/A |
| Ages 55-59 | | | | | | | | |
| Number Members | 4,807 | 17 | 6 | 63 | 57 | 14 | 25 | |
| Average Salary | \$ 33,731 | \$ 94,674 | \$ 45,524 | \$ 45,316 | \$ 34,251 | \$ 50,152 | \$ 62,547 | N/A |
| Ages 60-64 | | | | | | | | |
| Number Members | 2,491 | 12 | 1 | 27 | 15 | 2 | 2 | |
| Average Salary | \$ 32,387 | \$ 95,483 | \$ 49,059 | \$ 42,259 | \$ 34,827 | \$ 47,265 | \$ 48,949 | N/A |
| Ages 65-69 | | | | | | | | |
| Number Members | 685 | 3 | | 5 | 2 | | | |
| Average Salary | \$ 26,589 | \$ 93,780 | | \$ 38,682 | \$ 30,913 | | | N/A |
| Age 70 & Over | | | | | | | | |
| Number Members | 263 | 1 | | | | | | |
| Average Salary | \$ 21,443 | \$ 93,780 | | | | | | N/A |

¹ Average Salary is not applicable to VFCA, members are unpaid volunteers.

The last actuarial valuation was performed as of June 30, 2006.

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ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Retirants and Beneficiaries

Added to and Removed from Rolls

| | Added | | Removed | | | | Average | |
|---------------|-------|------------------------------|---------|------------------------------|-------------|-----------------------|-----------------------------|--------------------|
| Year Ended | No. | Annual Benefits ¹ | No. | Annual Benefits ¹ | End of Year | Benefits ² | Annual Benefit ³ | % Benefit Increase |
| PERS-DBRP | | | | | | | | |
| June 30, 2001 | 649 | \$ 561,963 | 423 | \$ 194,728 | 13,798 | \$ 101,546,131 | \$ 7,505 | 4.83% |
| June 30, 2002 | 777 | 1,352,552 | 459 | 211,484 | 14,116 | 114,662,817 | 8,453 | 12.63% |
| June 30, 2003 | 735 | 952,550 | 450 | 278,056 | 14,401 | 122,203,686 | 8,672 | 2.59% |
| June 30, 2004 | 861 | 1,216,589 | 428 | 931,433 | 14,834 | 132,683,144 | 9,246 | 6.62% |
| June 30, 2005 | 859 | 7,364,190 | 473 | 1,620,042 | 15,220 | 142,789,016 | 9,606 | 3.89% |
| June 30, 2006 | 929 | 8,873,477 | 495 | 1,801,584 | 15,654 | 153,885,649 | 10,172 | 5.89% |
| JRS | | | | | | | | |
| June 30, 2001 | 8 | 17,030 | 4 | 8,937 | 51 | 1,430,623 | 28,771 | -1.31% |
| June 30, 2002 | 0 | 8,215 | 0 | - | 51 | 1,566,110 | 30,704 | 6.72% |
| June 30, 2003 | 0 | 493 | 1 | 1,790 | 50 | 1,551,557 | 31,007 | 0.99% |
| June 30, 2004 | 1 | 12,298 | 1 | 2,763 | 50 | 1,670,457 | 33,295 | 7.38% |
| June 30, 2005 | 1 | 24,369 | 2 | 37,736 | 49 | 1,623,746 | 33,126 | -0.51% |
| June 30, 2006 | 2 | 119,705 | 0 | - | 51 | 1,742,859 | 35,233 | 6.36% |
| HPORS | | | | | | | | |
| June 30, 2001 | 5 | 19,358 | 6 | 5,709 | 260 | 4,624,420 | 16,920 | 4.27% |
| June 30, 2002 | 7 | 26,750 | 2 | 2,714 | 265 | 4,861,329 | 17,677 | 4.48% |
| June 30, 2003 | 6 | 26,956 | 4 | 3,658 | 267 | 5,159,762 | 18,669 | 5.61% |
| June 30, 2004 | 8 | 33,952 | 1 | 1,342 | 274 | 5,492,910 | 19,583 | 4.89% |
| June 30, 2005 | 6 | 187,797 | 4 | 14,985 | 276 | 5,789,603 | 20,202 | 3.16% |
| June 30, 2006 | 6 | 252,679 | 0 | - | 282 | 6,365,115 | 21,193 | 4.91% |
| SRS | | | | | | | | |
| June 30, 2001 | 21 | 31,561 | 1 | 2,044 | 262 | 3,293,535 | 13,305 | 4.49% |
| June 30, 2002 | 23 | 41,777 | 5 | 5,462 | 280 | 3,699,727 | 13,959 | 4.92% |
| June 30, 2003 | 29 | 57,961 | 3 | 759 | 306 | 4,307,060 | 15,059 | 7.89% |
| June 30, 2004 | 22 | 56,415 | 5 | 4,447 | 323 | 4,902,832 | 16,250 | 7.91% |
| June 30, 2005 | 21 | 249,586 | 4 | 19,375 | 340 | 5,527,472 | 16,719 | 2.88% |
| June 30, 2006 | 24 | 395,529 | 3 | 19,777 | 361 | 6,151,890 | 17,466 | 4.47% |

¹Annual Benefits Added and Removed for fiscal years prior to June 30, 2005 are based the June monthly benefit total.

For fiscal year ended June 30, 2005 these amounts are based on annual benefit totals.

²Includes active death benefit payments.

³Based on June monthly benefit totals.

The last actuarial valuation was performed as of June 30, 2006.

ACTUARIAL SECTION

| Year Ended | Added | | Removed | | End of Year | Benefits ² | Average Annual Benefit ³ | % Benefit Increase |
|---------------|-------|------------------------------|---------|------------------------------|-------------|-----------------------|-------------------------------------|--------------------|
| | No. | Annual Benefits ¹ | No. | Annual Benefits ¹ | | | | |
| GWPORS | | | | | | | | |
| June 30, 2001 | 0 | \$ - | 3 | \$ 2,172 | 79 | \$ 1,235,308 | \$ 15,566 | 3.11% |
| June 30, 2002 | 3 | 4,827 | 3 | 3,099 | 79 | 1,230,427 | 15,828 | 1.69% |
| June 30, 2003 | 4 | 12,749 | 1 | 1,094 | 82 | 1,316,309 | 16,955 | 7.12% |
| June 30, 2004 | 4 | 9,071 | 1 | 2,123 | 85 | 1,459,817 | 17,496 | 3.19% |
| June 30, 2005 | 11 | 66,165 | 2 | 11,997 | 94 | 1,538,595 | 17,342 | -0.88% |
| June 30, 2006 | 15 | 190,274 | 3 | 14,106 | 106 | 1,834,767 | 18,198 | 4.93% |
| MPORS | | | | | | | | |
| June 30, 2001 | 22 | 85,521 | 10 | 11,826 | 553 | 9,124,506 | 17,414 | 8.21% |
| June 30, 2002 | 14 | 49,240 | 13 | 18,007 | 554 | 9,844,541 | 18,045 | 3.62% |
| June 30, 2003 | 19 | 63,743 | 8 | 10,705 | 565 | 10,425,561 | 18,866 | 4.55% |
| June 30, 2004 | 17 | 58,062 | 11 | 15,443 | 571 | 10,885,372 | 19,576 | 3.76% |
| June 30, 2005 | 14 | 304,348 | 10 | 62,467 | 575 | 11,362,959 | 20,336 | 3.88% |
| June 30, 2006 | 14 | 387,872 | 9 | 68,117 | 580 | 12,031,585 | 21,174 | 4.12% |
| FURS | | | | | | | | |
| June 30, 2001 | 21 | 48,753 | 15 | 17,543 | 474 | 8,017,761 | 17,072 | 4.09% |
| June 30, 2002 | 17 | 68,260 | 10 | 13,248 | 481 | 8,507,526 | 18,203 | 6.63% |
| June 30, 2003 | 12 | 50,432 | 13 | 14,906 | 480 | 9,080,598 | 19,132 | 5.10% |
| June 30, 2004 | 22 | 84,167 | 4 | 6,632 | 498 | 9,674,137 | 20,384 | 6.54% |
| June 30, 2005 | 15 | 288,761 | 9 | 88,862 | 504 | 10,385,891 | 20,972 | 2.88% |
| June 30, 2006 | 19 | 513,094 | 14 | 110,793 | 509 | 11,039,519 | 22,234 | 6.02% |
| VFCA | | | | | | | | |
| June 30, 2001 | 54 | 4,750 | 31 | 2,585 | 862 | 881,855 | 1,032 | 0.26% |
| June 30, 2002 | 68 | 42,780 | 46 | 2,510 | 884 | 1,410,768 | 1,542 | 49.47% |
| June 30, 2003 | 62 | 8,160 | 25 | 3,045 | 921 | 1,411,936 | 1,551 | 0.58% |
| June 30, 2004 | 59 | 11,340 | 36 | 3,915 | 944 | 1,478,648 | 1,614 | 4.07% |
| June 30, 2005 | 65 | 72,105 | 43 | 45,038 | 966 | 1,517,098 | 1,557 | -3.56% |
| June 30, 2006 | 68 | 81,945 | 33 | 22,470 | 1,001 | 1,563,795 | 1,578 | 1.39% |

ACTUARIAL SECTION

Public Employees' Retirement Board *A Component Unit of the State of Montana*

Solvency Test

(in thousands)

| System | Valuation Date | Aggregate Accrued Liabilities for | | | Reported Assets | Portion of Accrued Liabilities Covered by Reported Asset | | |
|------------------|-----------------|-------------------------------------|-----------------------------|--------------------------------------|------------------|----------------------------------------------------------|------------|------------|
| | | 1 | 2 | 3 | | 1 | 2 | 3 |
| | | Active Member Accounts ¹ | Retirants and Beneficiaries | Active Members (ER Financed Portion) | | | | |
| PERS-DBRP | 06/30/02 | \$ 645,403 | \$ 1,366,634 | \$ 1,065,727 | \$ 3,076,781 | 100 | 100 | 100 |
| | 06/30/04 | 684,607 | 1,640,145 | 1,189,333 | 3,047,287 | 100 | 100 | 61 |
| | 06/30/05 | 701,851 | 1,756,674 | 1,261,473 | 3,179,010 | 100 | 100 | 57 |
| | 06/30/06 | 718,260 | 1,895,838 | 1,305,215 | 3,459,084 | 100 | 100 | 65 |
| JRS | 06/30/02 | 2,708 | 18,977 | 9,197 | 44,963 | 100 | 100 | 253 |
| | 06/30/04 | 3,271 | 20,106 | 11,347 | 45,134 | 100 | 100 | 192 |
| | 06/30/05 | 3,479 | 19,411 | 11,635 | 47,552 | 100 | 100 | 212 |
| | 06/30/06 | 3,690 | 20,362 | 13,107 | 51,808 | 100 | 100 | 212 |
| HPORS | 06/30/02 | 6,797 | 68,800 | 19,253 | 81,734 | 100 | 100 | 32 |
| | 06/30/04 | 6,914 | 76,936 | 20,219 | 79,104 | 100 | 94 | 0 |
| | 06/30/05 | 6,981 | 80,701 | 25,256 | 82,050 | 100 | 93 | 0 |
| | 06/30/06 | 7,321 | 83,954 | 20,728 | 87,189 | 100 | 95 | 0 |
| SRS | 06/30/02 | 20,108 | 55,458 | 46,059 | 138,590 | 100 | 100 | 137 |
| | 06/30/04 | 21,643 | 75,982 | 50,983 | 141,022 | 100 | 100 | 85 |
| | 06/30/05 | 22,810 | 82,386 | 54,151 | 148,458 | 100 | 100 | 80 |
| | 06/30/06 | 24,936 | 89,353 | 57,552 | 163,003 | 100 | 100 | 85 |

⁽¹⁾ Active Member Accounts includes Regular and Additional Contributions with interest, and excludes all accounts of inactive members.

The last actuarial valuation was performed as of June 30, 2006.

ACTUARIAL SECTION

| System | Valuation Date | Aggregate Accrued Liabilities for | | | Reported Assets | Portion of Accrued Liabilities Covered by Reported Asset | | |
|---------------|-----------------|-----------------------------------|-----------------------------|--------------------------------------|-----------------|----------------------------------------------------------|------------|-----------|
| | | 1 | 2 | 3 | | 1 | 2 | 3 |
| | | Active Member Accounts | Retirants and Beneficiaries | Active Members (ER Financed Portion) | | | | |
| GWPORS | 06/30/02 | \$ 8,857 | \$ 14,005 | \$ 16,247 | \$ 38,730 | 100 | 100 | 98 |
| | 06/30/04 | 12,371 | 18,034 | 19,905 | 45,210 | 100 | 100 | 74 |
| | 06/30/05 | 14,416 | 19,599 | 22,399 | 50,961 | 100 | 100 | 76 |
| | 06/30/06 | 15,667 | 23,890 | 24,626 | 58,813 | 100 | 100 | 78 |
| MPORS | 06/30/02 | 20,854 | 144,055 | 61,918 | 143,516 | 100 | 85 | 0 |
| | 06/30/04 | 23,317 | 159,767 | 77,010 | 149,510 | 100 | 79 | 0 |
| | 06/30/05 | 24,368 | 166,978 | 85,033 | 159,417 | 100 | 81 | 0 |
| | 06/30/06 | 25,805 | 175,035 | 90,261 | 175,919 | 100 | 86 | 0 |
| FURS | 06/30/02 | 18,297 | 121,922 | 57,727 | 136,392 | 100 | 97 | 0 |
| | 06/30/04 | 20,215 | 142,894 | 64,490 | 142,109 | 100 | 85 | 0 |
| | 06/30/05 | 21,587 | 148,378 | 68,192 | 151,393 | 100 | 87 | 0 |
| | 06/30/06 | 22,738 | 159,121 | 73,654 | 167,343 | 100 | 91 | 0 |
| VFCA | 06/30/02 | | 15,631 | 11,177 | 19,254 | 100 | 100 | 32 |
| | 06/30/04 | | 16,578 | 12,102 | 20,058 | 100 | 100 | 29 |
| | 06/30/05 | | 16,997 | 13,776 | 21,311 | 100 | 100 | 31 |
| | 06/30/06 | | 17,803 | 14,080 | 23,238 | 100 | 100 | 39 |

Active member accounts are not applicable. Members are unpaid volunteers.

ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Summary of Actuarial (Gain)/Loss by Source

(in thousands)

| | |
|---------------------------------------|--------------------|
| PERS-DBRP | |
| Investment (Gain) or Loss | \$ (39,882) |
| Liability (Gain) or Loss | (33,734) |
| | |
| Total Actuarial (Gain) or Loss | \$ (73,616) |

| | |
|---------------------------------------|-----------------|
| JRS | |
| Investment (Gain) or Loss | \$ (640) |
| Liability (Gain) or Loss | 541 |
| | |
| Total Actuarial (Gain) or Loss | \$ (99) |

| | |
|---------------------------------------|-------------------|
| HPORS | |
| Investment (Gain) or Loss | \$ (1,093) |
| Liability (Gain) or Loss | (5,314) |
| | |
| Total Actuarial (Gain) or Loss | \$ (6,407) |

The last actuarial valuation was performed as of June 30, 2006.

| | |
|----------------------------------------|-------------------|
| SRS | |
| Investment (Gain) or Loss | \$ (1,934) |
| Liability (Gain) or Loss | (1,305) |
| Plan Change (Transfers from PERS-DBRP) | 1,159 |
| Total Actuarial (Gain) or Loss | \$ (2,080) |

| | |
|---------------------------------------|---------------|
| GWPORS | |
| Investment (Gain) or Loss | \$ (558) |
| Liability (Gain) or Loss | 1,260 |
| Total Actuarial (Gain) or Loss | \$ 702 |

| | |
|---------------------------------------|-------------------|
| MPORS | |
| Investment (Gain) or Loss | \$ (1,528) |
| Liability (Gain) or Loss | (1,401) |
| Total Actuarial (Gain) or Loss | \$ (2,929) |

The last actuarial valuation was performed as of June 30, 2006.

ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Summary of Actuarial (Gain)/Loss by Source (cont.)

(in thousands)

| | | |
|---------------------------------------|-----------|--------------|
| FURS | | |
| Investment (Gain) or Loss | \$ | (1,501) |
| Liability (Gain) or Loss | | 4,190 |
| | | |
| Total Actuarial (Gain) or Loss | \$ | 2,689 |

| | | |
|---------------------------------------|-----------|--------------|
| VFCA | | |
| Investment (Gain) or Loss | \$ | (186) |
| Liability (Gain) or Loss | | (245) |
| | | |
| Total Actuarial (Gain) or Loss | \$ | (431) |

The last actuarial valuation was performed as of June 30, 2006.

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ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Summary of Defined Benefit Retirement Plan Provisions

The summary of plan provisions as of June 30, 2006, is presented separately for each plan.

Public Employees' Retirement System-DBRP

| | | |
|------------------------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Normal Retirement | Eligibility: | Age 65 regardless of membership service, or Age 60 and 5 years of membership service, or 30 years of membership service regardless of age. |
| | Benefit: | Years of service credit, multiplied by highest average compensation (highest 36 consecutive months), multiplied by 1/56 th if membership service at retirement is less than 25 years, or multiplied by 1/50 th if membership service at retirement is at least 25 years. |
| | Normal Form: | Monthly benefit for the life of the member, with a death benefit equal to the remaining balance of the member's contribution account. |
| Early Retirement | Eligibility: | Age 50 and 5 years of membership service or 25 years of membership service regardless of age. |
| | Benefit: | Actuarial equivalent of the accrued benefit based on retirement at age 60 or 30 years of membership service. |
| Disability Retirement | Eligibility: | 5 years of membership service. |
| | Benefit: | If hired on or before February 24, 1991, the greater of (a) and (b) below: (a) Years of service credit, multiplied by highest average compensation, multiplied by 90% of 1/56 th (1/50 th if 25 or more years of membership service), or (b) Highest average compensation multiplied by 25%. |

If hired after February 24, 1991:

Years of service credit, multiplied by highest average compensation, multiplied by $1/56^{\text{th}}$ ($1/50^{\text{th}}$ if 25 or more years of membership service).

| | | |
|--------------------------------|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Death before Retirement | Eligibility: | Prior to 5 years of membership service. |
| | Benefit: | The sum of (a) and (b) below: (a) Return of member contributions with interest, (b) Lump sum payment of one month's salary multiplied by years of service credit, up to a maximum of six months' salary. |
| | Eligibility: | 5 years of membership service. |
| | Benefit: | Either the sum of (a) and (b), or (c) below: (a) Return of member contributions with interest, and (b) Lump sum payment of one month's salary multiplied by years of service credit up to a maximum of six months' salary; or (c) Actuarial equivalent of the accrued benefit at the time of death of the member. |
| Termination Benefit | Eligibility: | Prior to 5 years of membership service. |
| | Benefit: | Return of member contributions with interest. |
| | Eligibility: | 5 years of membership service. |
| | Benefit: | Either (a) or (b) below: (a) Return of member contributions with interest, or (b) Actuarial equivalent of the accrued benefit based on a retirement age of 60. |
| Benefit Adjustments | Eligibility: | Retired members and beneficiaries. |
| | Benefit: | An annual adjustment (GABA) of 3.0% commencing January 1 st , one year after retirement. |
| Contributions | Members: | 6.90% of members' compensation. |
| | Employers: | 6.90% of members' compensation (offset by 0.10% of members' compensation paid by the State for local government and school district employers). |

ACTUARIAL SECTION

Judges' Retirement System

| | | |
|------------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Normal Retirement | Eligibility: | Age 60 and 5 years of membership service. |
| | Benefit: | <p>(1) If hired before July 1, 1997 and not electing GABA before January 1, 1998, the sum of (a) and (b) below:</p> <p>(a) Years of service credit (up to 15), multiplied by current salary, multiplied by 3-1/3%, plus</p> <p>(b) Years of service credit (over 15), multiplied by current salary, multiplied by 1.785%.</p> <p>(2) If hired on or after July 1, 1997 or electing GABA prior to January 1, 1998:</p> <p>Same formula as above, substituting highest average compensation for current salary.</p> |
| | Normal Form: | The monthly benefit for the life of the member, with a final payment equal to the accumulated contributions of the member account at retirement less the sum of all payments made to the date of death. This final payment may be annuitized for non-GABA members or members electing GABA on or after January 1, 1998. |
| Disability Retirement | Eligibility: | Service disablement. |
| | Benefit: | <p>For non-GABA members or members electing the GABA on or after January 1, 1998 - 50% of current salary.</p> <p>For GABA members hired on or after July 1, 1997 or electing the GABA prior to January 1, 1998 - 50% of highest average compensation.</p> |
| | Eligibility: | Non-service disablement. |
| | Benefit: | Actuarial equivalent of accrued service retirement benefit. |

| | | |
|--------------------------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Death before Retirement | Eligibility: | Service death. |
| | Benefit: | Accrued service retirement benefit commencing at time of death. |
| | Eligibility: | Non-service death before age 60. |
| | Benefit: | Accrued service retirement benefit commencing at time of death. |
| Termination Benefit | Eligibility: | Prior to five years of membership service. |
| | Benefit: | Return of member contributions with interest. |
| | Eligibility: | 5 years of membership service and involuntary termination or 12 years of service credit. |
| | Benefit: | Either (a) or (b) below: (a) Return of member contributions with interest, or (b) The accrued actuarial equivalent of the service retirement benefit. |
| Benefit Adjustments | Eligibility: | Retired members and beneficiaries. |
| | Benefit: | Either (a) or (b) below, as elected: (a) An annual adjustment (GABA) of 3.0%, commencing January 1 st , one year after retirement for members hired on or after July 1, 1997 or if elected by the member, or (b) The annual increase proportional to the annual increase in compensation to active members. |
| Contributions | Members: | 7.00% of members' compensation. |
| | Employers: | 25.81% of members' compensation. |

ACTUARIAL SECTION

Highway Patrol Officers' Retirement System

| | | |
|--------------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| Normal Retirement | Eligibility: | 20 years of membership service regardless of age. |
| | Benefit: | Years of service credit, multiplied by highest average compensation, multiplied by 2.50%. |
| | Normal Form: | Monthly benefit for the life of the member, with full benefits continuing to the surviving spouse or dependent children upon the death of the member. |
| Early Retirement | Eligibility: | 5 years of membership service and discontinued from service. |
| | Benefit: | Actuarial Equivalent of accrued benefit based on a retirement age of 60. |
| Disability Retirement | Eligibility: | Service disablement. |
| | Benefit: | Minimum of 50% of highest average compensation. |
| | Eligibility: | Non-service disablement. |
| | Benefit: | Actuarial equivalent of accrued benefit based on a retirement age of 60. |
| Death before Retirement | Eligibility: | Service death. |
| | Benefit: | 50% of highest average compensation, less benefits paid from workers' compensation. |
| | Eligibility: | Non-service death. |
| | Benefit: | Actuarial equivalent of accrued benefit based on a retirement age of 60. |

| | | |
|----------------------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Termination Benefit | Eligibility: | Prior to 5 years of membership service. |
| | Benefit: | Return of member contributions with interest. |
| | Eligibility: | 5 years of membership service. |
| | Benefit: | Either (a) or (b) below: (a) Return of member contributions with interest, or (b) Actuarial equivalent of the accrued benefit based on a retirement age of 60. |
| Benefit Adjustments | Eligibility: | Retired members and beneficiaries. |
| | Benefit: | Either (a) or (b) below, as elected: (a) An annual adjustment (GABA) of 3%, commencing January 1 st one year after retirement, or (b) 2% per year of service of the base salary of a probation officer, but not to exceed an increase of 5% per year. |
| | Lump Sum: | For members retired prior to July 1, 1991, a lump sum payment limited to the increase in the Consumer Price Index. |
| Contributions | Members: | Either (a) or (b) below: (a) 9.00% of members' compensation if hired prior to July 1, 1997, or (b) 9.05% for members hired after June 30, 1997 and those electing GABA. |
| | Employers: | 36.33% of members' compensation. |

ACTUARIAL SECTION

Sheriffs' Retirement System

| | | |
|--------------------------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Normal Retirement | Eligibility: | 20 years of membership service regardless of age. |
| | Benefit: | Years of service credit, multiplied by highest average compensation, multiplied by 2.50%. |
| | Normal Form: | Monthly benefit for the life of the member, with a death benefit equal to the remaining balance of the member's contribution account. |
| Early Retirement | Eligibility: | 5 years of membership service and attainment of age 50. |
| | Benefit: | Actuarial equivalent of the accrued benefit based on retirement at the earlier of completing 20 years of service credit, or age 60. |
| Disability Retirement | Eligibility: | Service disablement. |
| | Benefit: | Minimum of 50% of highest average compensation. If more than 20 years of service credit, years of service credit, multiplied by highest average compensation, multiplied by 2.50%. |
| | Eligibility: | Non-service disablement. |
| | Benefit: | Actuarial equivalent of accrued benefit based on a retirement age after completing 20 years of membership service or age 60. |
| Death before Retirement | Eligibility: | Service death. |
| | Benefit: | 50% of highest average compensation. |
| | Eligibility: | Non-service death. |
| | Benefit: | Actuarial equivalent of accrued benefit based on a retirement age of 65 or completing 20 years of membership service. |

| | | |
|----------------------------|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Termination Benefit | Eligibility: | Prior to 5 years of membership service. |
| | Benefit: | Return of member contributions with interest. |
| | Eligibility: | 5 years of membership service. |
| | Benefit: | Either (a) or (b) below: (a) Return of member contributions with interest, or (b) Actuarial equivalent of the accrued benefit based on 20 years of membership service or a re- tirement age 60; commencing no sooner than the first day of the month following the member's 50 th birthday. |
| Benefit Adjustments | Eligibility: | Retired members and beneficiaries. |
| | Benefit: | An annual adjustment (GABA) of 3.0% commenc- ing January 1 st , one year after retirement. |
| Contributions | Members: | 9.245% of members' compensation. |
| | Employers: | 9.535% of members' compensation. |

ACTUARIAL SECTION

Game Wardens and Peace Officers' Retirement System

| | | |
|--------------------------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Service Retirement | Eligibility: | Age 50 and 20 years of membership service. |
| | Benefit: | Years of service credit, multiplied by highest average compensation, multiplied by 2.50%. |
| | Normal Form: | Monthly benefit for the life of the member, with a death benefit equal to the remaining balance of the member's contribution account. |
| Early Retirement | Eligibility: | 5 years of membership service and age 55. |
| | Benefit: | Years of service credit, multiplied by highest average compensation, multiplied by 2.50%. |
| Disability Retirement | Eligibility: | 5 years of membership service, and service disablement. |
| | Benefit: | 50% of highest average compensation. If the member has more than 20 years of service credit, 2.5% of highest average compensation multiplied by years of service credit. |
| | Eligibility: | Non-service disablement. |
| | Benefit: | Actuarial equivalent of accrued benefit based on a retirement age of 50. |
| Death before Retirement | Eligibility: | Service death. |
| | Benefit: | 50% of highest average compensation. If the member has more than 25 years of service credit, 2.0% of highest average compensation multiplied by years of service credit. |
| | Eligibility: | Non-service death. |
| | Benefit: | Actuarial equivalent of accrued benefit based on a retirement age of 55. |

| | | |
|----------------------------|--------------|-----------------------------------------------------------------------------------------------------------------------|
| Termination Benefit | Eligibility: | Prior to 5 years of membership service. |
| | Benefit: | Return of member contributions with interest. |
| | Eligibility: | 5 years of membership service. |
| | Benefit: | Either (a) or (b) below: (a) Return of member contributions with interest, or (b) Accrued benefit at age 55. |
| Benefit Adjustments | Eligibility: | Retired members and beneficiaries. |
| | Benefit: | An annual adjustment (GABA) of 3.0% commencing January 1 st , one year after retirement. |
| Contributions | Members: | 10.56% of members' compensation. |
| | Employers: | 9.00% of members' compensation. |

ACTUARIAL SECTION

Municipal Police Officers' Retirement System

| | | |
|--------------------------------|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Normal Retirement | Eligibility: | 20 years of membership service regardless of age, or 5 years of membership service and age 50. |
| | Benefit: | Years of service credit, multiplied by 2.5%, multiplied by (a) if hired before July 1, 1977: Average monthly compensation of final year of service, or (b) if hired on or after July 1, 1977: Final average compensation for last consecutive 36 months. |
| | Normal Form: | Monthly benefit for the life of the member, with full benefits continuing to the surviving spouse or dependent children upon the death of the member. |
| Disability Retirement | Eligibility: | Immediate. |
| | Benefit: | If hired before July 1, 1977: Minimum of 50% of base salary. If hired on or after July 1, 1977: Minimum of 50% of final average compensation. |
| Death before Retirement | Eligibility: | Immediate. |
| | Benefit: | If hired before July 1, 1977: Minimum of 50% of base salary. If hired on or after July 1, 1977: Minimum of 50% of final average compensation. |
| Termination Benefit | Eligibility: | Prior to 5 years of membership service. |
| | Benefit: | Return of member contributions with interest. |
| | Eligibility: | 5 years of membership service. |
| | Benefit: | Either (a) or (b) below: (a) Return of member contributions with interest, or (b) Actuarial equivalent of the accrued benefit based on a retirement age of 50. |

ACTUARIAL SECTION

| | | |
|----------------------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Benefit Adjustments | Eligibility: | Retired members and beneficiaries. |
| | Benefit: | Either (a) or (b) below, as elected by the member: (a) An annual adjustment (GABA) of 3.0%, commencing one year after retirement for members hired on or after July 1, 1997, or if elected by the member, or (b) 50% of the salary of a newly confirmed police officer in the city in which the member was employed. |
| Contributions | Members: | Either (a), (b), (c), (d), or (e) below: (a) If hired prior to June 30, 1975: 5.80% of members' compensation, or (b) If hired after June 30, 1975 and prior to July 1, 1979: 7.00%, or (c) If hired after June 30, 1979 and prior to July 1, 1997: 8.50%, or (d) If hired on or after July 1, 1997: 9.00%, or (e) For members electing the GABA, 9.00%. |
| | Employers: | 14.41% of members' compensation. |
| | State: | 29.37% of members' compensation. |
| | | |
| | | |

ACTUARIAL SECTION

Municipal Police Officers' Retirement System (cont.)

| | | |
|-------------------|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MPORS DROP | Eligibility: | 20 years of membership service. |
| | Benefits: | Eligible members may elect to participate in the DROP for a period of up to 5 years. A monthly DROP service retirement allowance is calculated based on the member's compensation and service at the beginning of the DROP period. This monthly benefit is deposited into a DROP account. The DROP account also is credited with investment earnings equal to the rate of earnings on the trust fund, but not less than 0% in any fiscal year. The monthly DROP benefit receives GABA or minimum benefit adjustments that would apply if the member was receiving a service retirement benefit during the DROP period. If the member dies or becomes disabled during the DROP period, the accumulated DROP account as of the date of death or disability is payable to the member or the member's beneficiary, plus the DROP annuity with increases as applied through the date of death or disability is payable to the disabled member or to the deceased member's survivors, if any. At the end of the DROP period the DROP account is paid to the member, and the member begins receiving a monthly retirement benefit equal to the monthly DROP benefit with all GABA or minimum benefit adjustments made during the DROP period, and the monthly benefit continues to receive GABA or minimum benefit adjustments thereafter. |
| | | |
| | | |
| | Contributions: | During the DROP period, member, employer, and state contributions continue to be made to the trust fund at the same rates as for any other active plan member. |

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ACTUARIAL SECTION

Firefighters' Unified Retirement System

| | | |
|--------------------------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Normal Retirement | Eligibility: | 20 years of membership service regardless of age. |
| | Benefit: | <p>If hired prior to July 1, 1981, and those not electing GABA - the greater of:</p> <ul style="list-style-type: none">(a) 2.5% of highest average compensation, multiplied by years of service credit or(b) i) If less than 20 years of membership service, 2% of highest monthly compensation, multiplied by years of service credit.ii) If greater than 20 years of membership service, 50% of highest monthly compensation, plus years of service in excess of 20, multiplied by highest monthly compensation, multiplied by 2.00%. <p>If hired on or after July 1, 1981, and those electing GABA, years of service credit, multiplied by highest average compensation, multiplied by 2.50%.</p> |
| | Normal Form: | Monthly benefit for the life of the member, with full benefits continuing to the surviving spouse or dependent children upon the death of the member. |
| Disability Retirement | Benefit: | <ul style="list-style-type: none">(a) If less than 20 years of membership service, 50% of highest monthly compensation.(b) If greater than 20 years of membership service, 2.5% of highest average compensation for each year of service credit. |
| Death before Retirement | Benefit: | <ul style="list-style-type: none">(a) If less than 20 years of membership service, 50% of highest monthly compensation.(b) If greater than 20 years of membership service, 2.5% of highest average compensation for each year of service credit. |

| | | |
|----------------------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Termination Benefit | Eligibility: | Prior to 5 years of membership service. |
| | Benefit: | Return of member contributions with interest. |
| | Eligibility: | 5 years of membership service. |
| | Benefit: | Either (a) or (b) below: (a) Return of member contributions with interest, or (b) Accrued benefit at age 50. |
| Benefit Adjustments | Eligibility: | Retired members and beneficiaries. |
| | Benefit: | Greater of (a) or (b) below: (a) An annual adjustment (GABA) of 3.0% commencing on January 1 st , one year after retirement for members hired on or after July 1, 1997, or if elected by the member, or (b) members with at least 10 years of service and who did not elect GABA - 50% of the salary of a newly confirmed firefighter in the city in which the member was employed. |
| Contributions | Members: | Either (a) or (b) below: (a) 9.50% of members' compensation if hired prior to July 1, 1997, or (b) 10.70% for members hired after June 30, 1997, or electing the GABA. |
| | Employers: | 14.36% of members' compensation. |
| | State: | 32.61 % of members' compensation. |
| | | |

ACTUARIAL SECTION

Volunteer Firefighters' Compensation Act

| | | |
|--------------------------------|--------------|-----------------------------------------------------------------------------------------------------------------------------|
| Normal Retirement | Eligibility: | Age 55 and 20 (maximum of 30) years of service credit, or Age 60 and 10 years of service. |
| | Benefit: | \$7.50 per year of service, up to a maximum of \$225 (30 years of service credit). |
| | Normal Form: | Monthly benefit for the life of the member. Survivorship benefits are limited to the first 40 months of benefit payment. |
| Return to Service | Eligibility: | A member may continue to be a volunteer not receiving service credit and continue to draw a full pension benefit. |
| Disability Retirement | Eligibility: | Service disability. |
| | Benefit: | \$7.50 per year of service, with a minimum of \$75 and a maximum of \$225 per month. |
| Death before Retirement | Eligibility: | 10 years of service. |
| | Benefit: | \$7.50 per year of service for 40 months. |
| Termination Benefit | Eligibility: | Accrued benefit at retirement age of 60. |
| Contributions | Members: | None. |
| | State: | 5% of insurance premium taxes collected. |